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~~CONFIDENTIAL~~**INFORMATION REPORT**

COUNTRY Czechoslovakia

SUBJECT Miscellaneous Economic Information

25X1A

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1. [REDACTED] in the nationalized foundry industries that the total yearly Czechoslovak iron ore requirements amount to approximately 2,800,000 tons, of which domestic production supplies about 1,500,000. In June 1948, the Czechoslovaks, in negotiations with Sweden, arranged for delivery of the remaining 1,300,000 tons required, but the Swedes subsequently cut their delivery promise to 300,000 tons. Czechoslovak Ministerialrat Josef Janda was in Stockholm in the early part of December in an attempt to raise this amount to 600,000 or 700,000 tons. The Czechoslovaks had an agreement with the USSR whereby the latter would supply that part of the 1,300,000 tons which Sweden would not deliver.

November 1948

2. Since the end of October, Yugoslavia has cancelled all its outstanding orders from Czechoslovak nationalized machinery and iron works, giving insufficient funds as the reason. These cancellations, which included entire electric power plants, cellulose factories, and sugar refineries, represented the undelivered part of a previously-placed order amounting to 5,000,000,000 Czechoslovak crowns.

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 25X1A Comment: Source was unable to establish the time at which this order had been placed, or what amount of money was represented by the cancellations.) Lending some credence to the alleged Yugoslav shortage of funds, source stated that in 1948 Skoda had delivered a complete sugar refinery to Zupanje, Yugoslavia, for 20,000,000 Czechoslovak crowns, which had not yet been remitted in November 1948. Yugoslavia, however, has agreed to pay this debt during 1949.

village near Kiev in eastern Ukraine. In August, Skoda sent several engineers

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and mechanics, all Communists, to the USSR to supervise the installation of the machinery. Source learned from one of the engineers, who had recently returned to Czechoslovakia, that the refineries are at present only about one-third completed. Work on buildings to house the machinery had to be stopped after only one story had been finished because of lack of wood, bricks, and concrete at the building site.

End of November 1948

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4. There is no export of arms from Czechoslovakia to the USSR at this time. However, the "mosaic" plan of arms manufacture in Czechoslovakia, i.e., division of the various processes in munitions manufacturing among small scattered plants in eastern Czechoslovakia, continues. This is primarily a security measure against the possibility of future bombing raids, but it is also meant to prevent individual workers from familiarizing themselves with complete manufacturing procedures. The transfer of such plants from Bohemia to Moravia and Slovakia, however, is only about one-third completed. The Ministry of Defense and the Central Munitions Authority both recognize that the full realization of this plant is limited by the distance of these plants from coal and raw material resources and from suppliers.

Late November 1948

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5. The Czechoslovaks are striving to obtain at any price spare parts for several thousand UNIKA 1½-ton vehicles, many of which are inoperative for lack of repair parts. Negotiations are going on at present with private Italian firms for 20,000,000 Czechoslovak crowns worth of parts for these vehicles.

September - October 1948

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6. During this period the following transactions were concluded between USIA and the Czechoslovak concerns named:

- a. USIA to deliver 1 battery-driven (sic) locomotive to Bata in return for automobile roofing material having a total value of 960,845 Czechoslovak crowns.
- b. USIA to deliver to Bata CEM structural iron worth 333,747 Czechoslovak crowns, in return for unspecified commodities.
- c. USIA to deliver to Bata structural iron in return for automobile tires having a total value of 461,127 Czechoslovak crowns.
- d. USIA to deliver to Bata CEM structural iron in return for woolen goods valued at 943,500 Czechoslovak crowns.
- e. USIA to deliver to Centrotex rayon cord fabric in return for rayon stockings valued at 3,105,000 Czechoslovak crowns.

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